

October 18, 2006

**LOUDOUN COUNTY BOARD OF SUPERVISORS
HUMAN SERVICES COMMITTEE**

INFORMATION ITEM

SUBJECT: Housing Advisory Board Policy Recommendations

BACKGROUND

On June 21, 2006, the Human Services Committee met with the Housing Advisory Board (HAB) to receive an update on the activities of the HAB since its formation by the Board in July 2005. The HAB presented the results of the AECOM Consult study about the housing needs of the County's workforce. At that meeting, the HAB apprised the Committee that it was working on revisions to the County's Housing policies based on the research and would report back to the Human Services Committee with recommended policy changes. At the same time the HAB has been reviewing the Housing policies, the County has been considering amendments to the Housing policies to address workforce housing as part of the Transition Policy Area Comprehensive Plan Amendment (CPAM). The HAB proposes that the recommended housing policy amendments be incorporated into the CPAM.

John Stevens, on behalf of the HAB, met several times with the Planning Commission during the Commission's discussions of changes to the County's Housing policies included as part of the Transition Policy Area CPAM. The HAB had not finished drafting policy recommendations at the time of the Planning Commission's review, however, worked with the Commission on several amendments, including focusing the County's policies on meeting "unmet housing needs." The Commission recognized that the HAB would further refine the policy recommendations and in particular the definition of "unmet housing needs" to be presented to Board of Supervisors during the Board's consideration of the Transition Policy Area CPAM. The HAB completed its policy review on September 20, 2006. HAB members will be present at the meeting to present the policy recommendations to the Committee.

The proposed policy amendments are attached in several formats. Attachment 1 is comprised of a mark-up of the current Comprehensive Plan text and policies that shows how the HAB proposes them to be revised. Attachment 2 is a comparison chart that shows how the proposed amendments relate to existing policy and to the policy amendments proposed by the Planning Commission as part of the CPAM. Attachment 3 is comprised of a clean version of the text and policies that incorporate the HAB's proposed revisions.

Attachments

1. Proposed revisions showing changes to current text and policies
2. Comparison Chart
3. Proposed text and policy amendments

Staff Contact: Sarah Coyle Etro, Housing Policy Manager
Department of Family Services

ATTACHMENT 1

Proposed Changes to Text and Policies (pp. 2-12 to 2-15 of the Revised General Plan) (Underlining shows new text and deletions are shown as struck through)

HOUSING

The County's primary housing objective is to assure that existing and future County residents and the workforce are served by a range of housing opportunities. An adequate supply of varied types of housing, both rental and for-sale, in convenient locations throughout the County is a fundamental ingredient of an enduring community. The creation of sustainable housing—its design, density, location, and performance—requires that the pattern of residential development —its design, density, location, and performance—benefit the user now and over time. ~~The primary housing objective is to assure that all existing and future County residents can be served by a range of housing opportunities.~~ To accomplish this objective purpose, a diversity of housing types in a broad range of prices should be provided. Housing opportunities should ~~must~~ be available in all areas of the County. Housing for special needs populations incorporating a programmatic approach also should ~~must~~ be furnished.

The supply of single family detached, attached and multifamily housing (unit types and prices) and their pricing is largely a function of market dynamics. The ~~residential market plays the primary role in~~ determines the type of housing to be constructed, based upon regional demands for specific housing types and the potential return on investment for the developer. ~~If supply for a particular housing product is constrained and demand for that product is high, then prices will increase. If there is anticipation that the supply of a desired product may become constrained in the future, prices will also increase. If the price becomes too high, substitution may occur through selection of a different housing type, or shift to an alternative market.~~ Loudoun's experience is that the market alone cannot meet all areas of housing need given current and projected job growth for the regional economy. Unmet housing needs occur across a broad segment of the County's income spectrum. The County defines unmet housing needs as the lack of housing options for households that are unable to rent or purchase due to insufficient incomes to meet current market prices. Housing diversity in type and price to address unmet needs will enhance Loudoun's economic vitality and the health of the community now and over time.

~~Housing production involves "hard" and "soft" costs. "Hard" costs include the purchase price of land, site preparation and construction and marketing the product. The "soft" costs include financing, construction loans, bonds for site preparation, settlement costs related to the sale of the product, governmental fees, permits, proffers, and amenities. These costs are passed on to the consumer of the product.~~

As total demand for housing in Loudoun has increased over the past ~~four years~~ fifteen years, ~~townhouse and condominium~~ single family attached and multifamily units have gained a greater share of the for-sale market, while single-family detached homes and lots have accounted for a decreasing share. In 1990, single family detached units represented 65

percent of the County's housing stock, whereas single family attached units constituted 19 percent and multi-family units constituted 14 percent. By 2000~~5~~, single family detached units represented ~~54~~ ~~56~~ percent of all homes; single family attached units ~~25~~~~27~~ percent, and multifamily units, 19 percent. By 2000~~5~~, single family detached homes units and lots accounted for only ~~50~~ 49 percent of sales, compared to 58 percent of sales in 1990. ~~The increased market share of the townhouse and condominium products as mentioned earlier is linked to the strong employment growth in and around the County. These additional jobs create demand from additional households, many of which are seeking a smaller and more affordable housing unit than a detached home. Increased employment growth in and around the County will attract a larger percentage of renter households than in the past, although it is still projected that 80 percent of new household growth in Loudoun over the next twenty years will be homeowners. Although the types of housing offered in the market are diversifying, housing costs are high and the shortage of affordable housing for residents and the workforce is growing.~~

In July 2005, the Board of Supervisors appointed a twelve member Housing Advisory Board to study the supply and demand for affordable housing and recommend housing policies and programs to address the County's needs. The Housing Advisory Board commissioned the AECOM study that compared the County's housing supply with existing and projected job growth to determine whether there are workers in the County who live elsewhere because there is a shortage of affordable housing.

The study's principal conclusion, drawn from a comparison of thirty-one peer counties with similar populations, relatively high earnings, and suburban characteristics, determined that there is a shortage of both rental and for-sale units available for Loudoun's workers. This shortage results in a disproportionate number of workers in four major sectors of the County's economy, (retail, local government including teachers, police and firefighters, warehouse and transportation including Dulles Airport) who represent approximately 44% of the workforce, commuting into Loudoun for employment. The study shows that the average annual salary for workers in these industries in 2005 does not provide adequate income to support the average price of a new or existing housing unit, which is \$568,959. The study estimates that in 2003, an additional 12,578 housing units were required to house these selected in-commuting workers in the industries in which a disproportionately large amount of in-commuting occurred. That figure is projected to increase to 29,836 units by 2030, for these workers.

As Loudoun County's population grows, additional workers are needed in most of the affected industries, exacerbating the housing affordability problem. The study also shows that approximately 50% of Loudoun's residents commute to relatively high paying jobs outside the County, in the federal government, educational and health services, and information industries. The higher priced housing being produced in the County may be more affordable to out-commuting workers.

The AECOM study identifies a shortage in rental housing options that is expected to worsen over time for households up to 60% of the Washington Metropolitan Statistical Area Median

Income (AMI). The AMI is \$89,300 for 2005. Over time, the rental housing shortage is expected to worsen for households at incomes from 10% to 50% AMI with the most severe shortage in 2030 for households at 50% AMI. Likewise, the study shows that there is a shortage of affordable homeownership opportunities for households from 50% to 100% AMI that will worsen over time, especially for incomes at 80% AMI. The study showed that a majority of Loudoun County households earns more than 125% AMI. However, to maintain a healthy, vigorous economy, Loudoun's business community needs an adequate workforce which has a variety of housing options for workers of all industries and all income levels.

The County can influence ~~the housing market~~ housing options and affordability by encouraging or requiring a clustered pattern of development and mixed-use communities ~~requiring with~~ a diversity of housing types. To achieve this, the County ~~can~~ should allow higher residential densities that are close to employment and town centers, where adequate water, sewer, roads, schools, open space, and recreation are, or will be in place. In and of themselves, increased densities are not the only answer to influencing the market. Flexibility in lot sizes and setback requirements, and a relaxation of use restrictions ~~and programmatic options~~ are also necessary to achieve the desired product mix. The County can ~~also allow~~ permit accessory and second-story apartments in existing villages and rural clusters and provide for a variety of unit types to be developed in designated Joint Land Management Areas (JLMAs) around the towns that have them. The County can form public-private partnerships to implement programs, providing incentives to influence the market.

A. Affordable Housing Affordability

Housing affordability has long been an issue in the Washington, D.C. metropolitan region ~~housing market~~. Affordability becomes a problem when ~~housing prices~~ the cost of housing exceeds an acceptable percentage of a household's disposable income. ~~When confronted by high housing prices relative to household incomes,~~ Households that are determined to reside in the metropolitan area can either pay a disproportionately ~~large~~ amount of their income to secure housing, or pay less ~~and secure for~~ lower quality or less adequate housing. ~~The Board of Supervisors,~~ In developing Loudoun County's approach vision for its residents, the Board of Supervisors has recognized affordable housing as an economic, transportation, and quality-of-life-issue. ~~As is the case in the region,~~ While the county is providing a significant share of its the region's housing, prices and rents are at a level that is too costly for many workers of Loudoun's workforce. Workers filling jobs in Loudoun often live in other jurisdictions and generate traffic on local roads as they ~~travel~~ commute to work increasing air pollution, and gas consumption. Some housing units contain multiple families or additional occupants, resulting in overcrowded conditions which adversely affect neighborhoods and quality of life. The lack of affordably priced housing also has an impact on the continued ability to attract and retain a diversified employment base.

B. Unmet Housing Needs

The County's affordable housing policies focus on the unmet housing needs of all Loudoun's citizens and workers. The market is not meeting all areas of need given the County's vibrant economy and location in the region. The County's housing strategy gives guidance to the development of a variety of programs that address Loudoun-specific needs as identified through systematic audit, evaluation, and study. The County has identified that, within the broad spectrum of housing need, different levels of effort and varying approaches must be applied in order to effectively address the problem of housing affordability.

Providing housing for low-income residents (less than 30% AMI), elderly residents requiring congregate care, disabled residents, and the homeless often requires heavy subsidies, which have historically been provided by the federal and state governments. Given the reduction of federal and state assistance, the County is committed to identifying resources to replace that assistance as well as encouraging the formation of public and private partnerships to support the development of housing for people who are elderly, disabled, or living on very low incomes.

To address the unmet housing needs of Loudoun's workforce earning 30% to 100% AMI, a combination of loans, regulations, and incentives should be applied. One important program is the Affordable Dwelling Unit (ADU) program. In 1990, the Board of Supervisors adopted a definition for "affordable" housing to include This program, adopted in 1993 as part of the Zoning Ordinance is based on state enabling legislation, and aimed at fulfilling the housing needs of County residents with incomes from 30% to 70% of the County's median household income AMI. Generally, rental units should house The ADU rental units are designed to serve residents earning 30% to 50% of the County's median income AMI The units should be available at annual prices equal to and priced at 30% of income (exclusive of utilities). Generally, those residents with incomes at ADU for-sale units are designed to serve residents with incomes of 50% to 70% should be able to purchase housing AMI. For-sale units should be available at 2.5 3 times that income. As important as this program is to providing affordable housing to County residents, it has not be able to keep pace with the growing demand. In addition, there are deficiencies in the implementation of the ordinance that lessens its effectiveness to secure affordable housing for households in the lower range of the ADU program. This program alone cannot meet the need.

Building on the commitments to and definition of affordable housing, the County has adopted ordinances and programs focused on the actual production of affordable units. By developing the Affordable Dwelling Unit (ADU) Ordinance and program in 1993, the County took advantage of state enabling legislation that allows a locality to mandate the construction of dwelling units in an affordable price range to ensure a variety of housing prices in the market. The program requires that construction and continued existence of dwelling units that are affordable for purchase or rent in accordance with the Board's definition of affordable for the Primary Metropolitan Statistical Area (PMSA).

The County should establish a housing trust fund with a dedicated source of revenue to leverage federal, state, and other funding sources for the production of new units, to provide down payments for first-time home-buyers and to purchase land for affordable housing development. Part of the affordability issue also includes developing strategies to retain preserve the existing supply of owner-occupied housing and the existing supply of subsidized affordable rental units. As such, the Plan recommends other programmatic initiatives aimed at revitalization, renovation, and restoration of the existing housing stock, development of provisions to allow manufactured housing as an option, and that the government plays a larger role in the provision of housing opportunities the commitment of County government to play a greater role in addressing unmet housing needs.

B. Housing for Special Needs Populations

~~The provision of housing for low income residents (incomes below the 30-percent affordable minimum), elderly residents requiring congregate care, disabled residents, and the homeless. The provision of housing for these populations often requires heavy subsidies, which have historically been provided by the federal and state governments. Given the reduction of federal and state assistance, the County is committed to the formation of public and private partnerships to support the development of housing for people who are elderly, disabled, or living on very low incomes.~~



Existing Plan Policy	Housing Advisory Board Proposed Amendment
1. The County will initiate a regional cooperative effort with neighboring jurisdictions to establish a dialogue and programs to address the provision of a healthy balance of jobs and housing in each jurisdiction. 2. The County encourages a variety of housing types and innovative designs to be developed in mixed-use communities to assist in achieving affordable housing goals.	(No change) 2. The County encourages a variety of housing types and innovative designs to be developed in mixed-use communities to assist in achieving affordable housing goals <u>fulfilling unmet housing needs</u> .
3. The County will require a mix of housing options appropriately located in communities to support a balanced development program.	(No change)
4. The County will identify options for affordable housing development in the Transition Policy Area not covered by the ADU zoning ordinance and work toward an implementation plan.	4. The County will identify options for affordable housing development <u>unmet housing needs</u> in the Transition Policy Area not covered by the ADU zoning ordinance and work toward an implementation plan.
5. The County will provide technical planning expertise and financial support to the Towns to assist them in establishing redevelopment and revitalization programs that provide affordable housing. Such programs might include a revitalization tax program, housing rehabilitation, the development of regulations that allow for a broad range of housing types and upper story residential uses over stores etc.	(No change)
6. The maintenance, conservation, redevelopment, and improvement of existing residential development will be preferable development tools vs. new development on formerly non-residential land.	6. The maintenance, conservation, redevelopment, and improvement of existing residential development will be preferable development tools vs. new development on formerly non-residential land. (Delete)

7. The County will encourage preservation by adaptive re-use of existing rural farm structures, such as barns, for the development of affordable dwelling units, as defined in the Zoning Ordinance and in accordance with the policies in the <i>Revised General Plan</i> .	(No Change)
8. The County requires that for land development applications proposing development of 50 or more dwelling units with a density greater than one dwelling unit per acre, located in an approved sewer service area, a percentage of the total number of dwellings will be developed as affordable units and given an appropriate density increase. The County will determine an average annual affordable housing production level by evaluating the affordable home ownership and rental needs of the projected population as relates to the County's fiscal capability to provide public services to new residential development.	8. The County requires that for land development applications proposing development of 50 or more dwelling units with a density greater than one dwelling unit per acre, located in an approved sewer service area, a percentage of the total number of dwellings will be developed as affordable units and given an appropriate density increase. The County will determine an average annual affordable housing production level by evaluating the affordable home ownership and rental needs of the projected population as relates to the County's fiscal capability to provide public services to new residential development.
9. The County will seek state enabling legislation to require the development of affordable dwelling units as part of developments less than 50 units	The County will seek state enabling legislation to allow for the provision require the development of affordable dwelling units as part of in developments less than 50 units <u>as well as buildings four stories or greater with elevators.</u>
10. The County will strengthen ADU Program regulations to do as much as the state code allows to require the development of affordable housing that is interspersed within neighborhoods, communities and throughout the County as a part of new development.	(No change)
11. The County will seek state enabling legislation to eliminate the exemption from the ADU Ordinance of buildings with elevators that are four stories or higher.	11. The County will seek state enabling legislation to eliminate the exemption from the ADU Ordinance of buildings with elevators that are four stories or higher. (Delete)
12. The County will provide special incentives to stimulate the development of new housing projects when the applicant demonstrates the capacity to effect economic efficiencies in producing and sustaining rents and sale prices that meet the County's adopted definition of affordable.	12. The County will provide special incentives to stimulate the development of new housing projects when the applicant demonstrates the capacity to effect economic efficiencies in producing and sustaining <u>affordable</u> rents and or sale prices <u>over time that meet the County's adopted definition of affordable.</u>
13. Developers of residential and mixed-use projects are encouraged to include affordable housing proffers in their development proposals.	13. Developers of residential and mixed-use projects are encouraged to include affordable housing proffers <u>to fulfill unmet housing needs</u> in their development proposals.
14. The County will establish a housing trust fund to provide a stable, broad-based funding source for affordable housing initiatives. The housing trust fund can be used to leverage federal, state, and other funding sources, provide down payments for first time home-buyers, to purchase land for the development of affordable housing, for construction gap financing, and rental assistance, etc.	14. The County will establish a housing trust fund to provide a stable, broad-based funding source for affordable housing initiatives. The housing trust fund can be used to leverage federal, state, and other funding sources, provide down payments for first time home-buyers, to purchase land for the development of affordable housing, for construction gap financing, and rental assistance, etc. <u>through a dedicated revenue source such as a portion of the County property tax or the recordation tax, to address unmet housing needs. Eligible uses and administration of the fund will be established by the Housing Advisory Board. The fund will be evaluated annually to determine its effectiveness and efficiency.</u>
15. The County will work in partnership with nonprofit and not-for-profit agencies committed to the provision of a wide range of affordable housing opportunities by offering technical and financial assistance.	(No change)
16. The County will establish a Housing Authority as provided for by the State Code to develop new affordable housing, rehabilitate	16. The County will establish a Housing Authority as provided for by the State Code to develop new affordable housing, rehabilitate

housing, and revitalize community infrastructure.	housing, and revitalize community infrastructure. <u>Until such time as a Housing Authority is established, the County encourages the Industrial Development Authority to exercise its authority to assist with tax exempt bond financing, leverage gap financing and stimulate cooperative partnerships toward the preservation and production of housing to address unmet needs.</u>
17. The County will develop and implement an employer-assisted housing program to help meet workers' housing needs.	17. The County will <u>adopt or</u> develop and implement an employer-assisted housing program to help meet workers' housing needs.
18. The County will develop and implement a revitalization tax program for housing rehabilitation to conserve existing affordable housing.	(No change)
19. The County endorses the formation and operation of a not-for-profit housing corporation to deliver affordable housing units that meet the Board of Supervisors' definition of affordable for sale and for rent units and provide for the housing needs of special populations.	19. The County endorses the formation and operation of a not-for-profit housing corporation to deliver affordable housing units that meet the Board of Supervisors' definition of affordable for sale and for rent units and provide for the housing needs of special populations. (Delete)
20. The County will encourage the formation of public and private partnerships to develop housing for special populations that are integrated within existing and planned residential communities particularly in areas within walking distance of convenience shopping and employment opportunities.	20. The County will encourage the formation of public and private partnerships to development of housing for special needs populations that are integrated within existing and planned residential communities particularly in areas within walking distance of convenience shopping and employment opportunities.
21. The County will amend the Zoning Ordinance to expand the number of districts where manufactured housing, accessory units, and other alternative housing types are allowed.	(No change)
22. The County will promote the formation of public and private partnerships for the provision of an affordable range of housing types throughout the County to address the needs of lower income families by facilitating the private provision of this housing in the County's regulations and by assisting in the utilization of state and federal programs.	<p>22. The County will promote the formation of public and private partnerships for the provision of an affordable range of housing types throughout the County to address the needs of lower income families by facilitating the private provision of this housing in the County's regulations and by assisting in the utilization of state and federal programs.</p> <p>22a. The County will promote the formation of public and private partnerships for the provision of an affordable range of housing types throughout the County to address the needs of lower income families by and <u>facilitating the private provision of this housing in the County's regulations and by assisting in the utilization of state and federal programs.</u></p>
(Retirement Housing Policy 3.) In the Transition Policy Area, the County supports the development of retirement housing in the form of active adult and continuing care retirement communities. These developments should generally follow the design guidelines outlined for villages with densities not to exceed the maximum permissible rezoning densities in the respective Transition Policy Area subarea.	(Retirement Housing Policy 3.) In the Transition Policy Area, the County supports the development of retirement housing in the form of active adult and continuing care retirement communities. These developments should generally follow the design guidelines outlined <u>for mixed use communities and</u> villages with densities not to exceed the maximum permissible rezoning densities in the respective Transition Policy Area subarea.
	<u>The County will encourage the creation of programs, tools and incentives both publicly and privately developed that will fulfill unmet housing needs.</u>
	<u>Housing that is developed to fulfill unmet housing needs should be located near existing or planned employment centers, community centers, transit routes, and amenities.</u>
	<u>The County seeks to promote housing options for all people who</u>

		<u>work in Loudoun.</u>
		<u>County policies and programs will focus on the unmet housing needs of households earning up to 100% of the Washington Metropolitan Area median income as that is the area of greatest need.</u>
		<u>The County will estimate unmet housing needs and housing programs will be evaluated for their effectiveness in addressing those needs.</u>
		<u>The County is committed to bring all existing substandard affordable housing up to current health and safety standards.</u>
		<u>The County will consider incentives, when appropriate, to the private sector to meet annual housing goals and objectives. Incentives could include density bonuses or transfers, expedited application review, reductions or waiver of permit, development, and infrastructure fees or capital facilities contributions, tax abatements, and zoning modifications.</u>
		<u>The County will develop and maintain an inventory of publicly owned land that could be suitable for residential use and development to address unmet housing needs. Priority on the use of this land should be given to special needs housing and households at less than 70% of area median income.</u>
		<u>The County promotes the recognition of good design and innovation in affordable housing by the Design Cabinet, County programs, and other channels.</u>
		<u>The County supports the development of housing and communities that apply universal design principles; defined as the simple design of both products and the built environment to be usable by people of all ages and abilities at little or no extra cost.</u>
		<u>The County encourages development that utilizes energy efficient design and construction principles, promotes high performance and sustainable buildings, and minimizes construction waste and other negative environmental impacts.</u>

ATTACHMENT 2

The following chart compares the current housing policy with the revisions proposed by the Housing Advisory Board (HAB) and the revisions proposed by the Planning Commission.

(Underlining shows new text and deletions are shown as struck through)

Existing Plan Policy	HAB Proposal	Planning Commission CPAM
1. The County will initiate a regional cooperative effort with neighboring jurisdictions to establish a dialogue and programs to address the provision of a healthy balance of jobs and housing in each jurisdiction.	(No change)	(No change)
2. The County encourages a variety of housing types and innovative designs to be developed in mixed-use communities to assist in achieving affordable housing goals.	(Agree with PC Amendment)	2. The County encourages a variety of housing types and innovative designs to be developed in mixed-use communities to assist in <u>achieving affordable housing goals fulfilling unmet housing needs.</u>
3. The County will require a mix of housing options appropriately located in communities to support a balanced development program.	(No change)	(No change)
4. The County will identify options for affordable housing development in the Transition Policy Area not covered by the ADU zoning ordinance and work toward an implementation plan.	(Agree with PC Amendment)	4. The County will identify options for affordable housing development <u>unmet housing needs</u> in the Transition Policy Area not covered by the ADU zoning ordinance and work toward an implementation plan.
5. The County will provide technical planning expertise and financial support to the Towns to assist them in establishing redevelopment and revitalization programs that provide affordable housing. Such programs might include a revitalization tax program, housing rehabilitation, the development of regulations that allow for a broad range of housing types and upper story residential uses over stores etc.	(No change)	(No change)
6. The maintenance, conservation, redevelopment, and improvement of existing residential development will be preferable development tools vs. new development on formerly non-residential land.	6. The maintenance, conservation, redevelopment, and improvement of existing residential development will be preferable development tools vs. new development on formerly non-residential land.	(No change)
7. The County will encourage preservation by adaptive re-use of existing rural farm structures, such as barns, for the development of affordable dwelling units, as defined in the Zoning Ordinance and in accordance with the policies in the <i>Revised General Plan</i> .	(No change)	(No change)
8. The County requires that for land development applications proposing development of 50 or more	8. The County requires that for land development applications	(No change)

dwelling units with a density greater than one dwelling unit per acre, located in an approved sewer service area, a percentage of the total number of dwellings will be developed as affordable units and given an appropriate density increase. The County will determine an average annual affordable housing production level by evaluating the affordable home ownership and rental needs of the projected population as relates to the County's fiscal capability to provide public services to new residential development.	proposing development of 50 or more dwelling units with a density greater than one dwelling unit per acre, located in an approved sewer service area, a percentage of the total number of dwellings will be developed as affordable units and given an appropriate density increase. The County will determine an average annual affordable housing production level by evaluating the affordable home ownership and rental needs of the projected population as relates to the County's fiscal capability to provide public services to new residential development.	
9. The County will seek state enabling legislation to require the development of affordable dwelling units as part of developments less than 50 units	9. The County will seek state enabling legislation <u>to allow for the provision</u> require the development of affordable dwelling units <u>as part of in</u> developments less than 50 units <u>as well as buildings four stories or greater with elevators.</u>	(No change)
10. The County will strengthen ADU Program regulations to do as much as the state code allows to require the development of affordable housing that is interspersed within neighborhoods, communities and throughout the County as a part of new development.	(No change)	(No change)
11. The County will seek state enabling legislation to eliminate the exemption from the ADU Ordinance of buildings with elevators that are four stories or higher.	11. The County will seek state enabling legislation to eliminate the exemption from the ADU Ordinance of buildings with elevators that are four stories or higher.	(No change)
12. The County will provide special incentives to stimulate the development of new housing projects when the applicant demonstrates the capacity to effect economic efficiencies in producing and sustaining rents and sale prices that meet the County's adopted definition of affordable.	12. The County will provide special incentives to stimulate the development of new housing projects when the applicant demonstrates the capacity to eaffect economic efficiencies in producing and sustaining <u>affordable rents and</u> <u>or sale prices over time</u> that meet the County's adopted definition of affordable.	(No change)
13. Developers of residential and mixed-use	(Agree with PC Amendment)	13. Developers of residential and mixed-

projects are encouraged to include affordable housing proffers in their development proposals.		use projects are encouraged to include affordable housing proffers to <u>fulfill unmet housing needs</u> in their development proposals.
14. The County will establish a housing trust fund to provide a stable, broad-based funding source for affordable housing initiatives. The housing trust fund can be used to leverage federal, state, and other funding sources, provide down payments for first time home-buyers, to purchase land for the development of affordable housing, for construction gap financing, and rental assistance, etc.	14. The County will establish a housing trust fund to provide a stable, broad-based funding source for affordable housing initiatives. The housing trust fund can be used to leverage federal, state, and other funding sources, provide down payments for first time home-buyers, to purchase land for the development of affordable housing, for construction gap financing, and rental assistance, etc. <u>through a dedicated revenue source such as a portion of the County property tax or the recordation tax, to address unmet housing needs. Eligible uses and administration of the fund will be established by the Housing Advisory Board. The fund will be evaluated annually to determine its effectiveness and efficiency.</u>	(No change)
15. The County will work in partnership with nonprofit and not-for-profit agencies committed to the provision of a wide range of affordable housing opportunities by offering technical and financial assistance.	(No change)	(No change)
16. The County will establish a Housing Authority as provided for by the State Code to develop new affordable housing, rehabilitate housing, and revitalize community infrastructure.	16. The County will establish a Housing Authority as provided for by the State Code to develop new affordable housing, rehabilitate housing, and revitalize community infrastructure. <u>Until such time as a Housing Authority is established, the County encourages the Industrial Development Authority to exercise its authority to assist with tax exempt bond financing, leverage gap financing and stimulate cooperative partnerships toward the preservation and production of housing to</u>	(No change)

	<u>address unmet needs.</u>	
17. The County will develop and implement an employer-assisted housing program to help meet workers' housing needs.	17. The County will <u>adopt or</u> develop and implement an employer-assisted housing program to help meet workers' housing needs	(No change)
18. The County will develop and implement a revitalization tax program for housing rehabilitation to conserve existing affordable housing.	(No change)	(No change)
19. The County endorses the formation and operation of a not-for-profit housing corporation to deliver affordable housing units that meet the Board of Supervisors' definition of affordable for sale and for rent units and provide for the housing needs of special populations.	19. The County endorses the formation and operation of a not for profit housing corporation to deliver affordable housing units that meet the Board of Supervisors' definition of affordable for sale and for rent units and provide for the housing needs of special populations.	(No change)
20. The County will encourage the formation of public and private partnerships to develop housing for special populations that are integrated within existing and planned residential communities particularly in areas within walking distance of convenience shopping and employment opportunities.	20. The County will encourage the formation of public and private partnerships to <u>development of</u> housing for special <u>needs</u> populations that are integrated within existing and planned residential communities particularly in areas within walking distance of convenience shopping and employment opportunities.	(No change)
21. The County will amend the Zoning Ordinance to expand the number of districts where manufactured housing, accessory units, and other alternative housing types are allowed.	(No change)	(No change)
22. The County will promote the formation of public and private partnerships for the provision of an affordable range of housing types throughout the County to address the needs of lower income families by facilitating the private provision of this housing in the County's regulations and by assisting in the utilization of state and federal programs.	22. The County will promote the formation of public and private partnerships for the provision of an affordable range of housing types throughout the County to address the needs of lower income families by facilitating the private provision of this housing in the County's regulations and by assisting in the utilization of state and federal programs. 22a. The County will promote the formation of public and private partnerships for the provision of an affordable	(No change)

	range of housing types throughout the County to address the needs of lower income families by and facilitating the private provision of this housing in the County's regulations and by assisting in the utilization of state and federal programs	
(Retirement Housing Policy 3.) In the Transition Policy Area, the County supports the development of retirement housing in the form of active adult and continuing care retirement communities. These developments should generally follow the design guidelines outlined for villages with densities not to exceed the maximum permissible rezoning densities in the respective Transition Policy Area subarea.	(Agree with PC Amendment)	(Retirement Housing Policy 3) In the Transition Policy Area, the County supports the development of retirement housing in the form of active adult and continuing care retirement communities. These developments should generally follow the design guidelines outlined for <u>mixed use communities and</u> villages with densities not to exceed the maximum permissible rezoning densities in the respective Transition Policy Area subarea.
	HAB Policy Additions	Proposed PC Policy Additions
	The County will explore options for <u>encourage</u> the creation of programs, tools and incentives both publicly and privately developed that will fulfill unmet housing needs.	<u>The County will explore options for the creation of programs, tools and incentives both publicly and privately developed that will fulfill unmet housing needs.</u>
	The County will examine the authority to establish and use the benefits of Housing Trust funds to help fulfill unmet housing needs.	<u>The County will examine the authority to establish and use the benefits of Housing Trust funds to help fulfill unmet housing needs.</u>
	The County will encourage public and private initiatives to provide increased housing opportunities for residents and the local workforce. Both programmatic and design approaches will be encouraged in all projects to fulfill unmet housing needs.	<u>The County will encourage public and private initiatives to provide increased housing opportunities for residents and the local workforce. Both programmatic and design approaches will be encouraged in all projects to fulfill unmet housing needs.</u>
	Housing that is developed to fulfill unmet housing needs should be located near <u>existing or planned</u> employment opportunities centers, community services centers, transit routes, and amenities.	<u>Housing that is developed to fulfill unmet housing needs should be located near employment opportunities, community services, and amenities.</u>
	<u>County policies and programs will focus on the unmet housing needs of households</u>	

	<u>earning up to 100% of the Washington Metropolitan Area median income (AMI) as that is the area of greatest need.</u>	
	<u>The County will estimate unmet housing needs and housing programs will be evaluated for their effectiveness in addressing those needs.</u>	
	<u>The County is committed to bring all existing substandard affordable housing up to current health and safety standards.</u>	
	<u>The County will consider incentives, when appropriate, to the private sector to meet annual housing goals and objectives. Incentives could include density bonuses or transfers, expedited application review, reductions or waiver of permit, development, and infrastructure fees or capital facilities contributions, tax abatements, and zoning modifications.</u>	
	<u>The County will develop and maintain an inventory of publicly owned land that could be suitable for residential use and development to address unmet housing needs. Priority on the use of this land should be given to special needs housing and households at less than 70% of area median income.</u>	
	<u>The County promotes the recognition of good design and innovation in affordable housing by the Design Cabinet, County programs, and other channels</u>	
	<u>The County supports the development of housing and communities that apply universal design principles;</u>	

	<u>defined as the simple design of both products and the built environment to be usable by people of all ages and abilities at little or no extra cost.</u>	
	<u>The County encourages development that utilizes energy efficient design and construction principles, promotes high performance and sustainable buildings, and minimizes construction waste and other negative environmental impacts</u>	

ATTACHMENT 3

Proposed changes to text and policies and re-organization of policies (pp. 2-12 to 2-15 of the Revised General Plan)

HOUSING

The County's primary housing objective is to assure that existing and future County residents and the workforce are served by a range of housing opportunities. An adequate supply of varied types of housing, both rental and for-sale, in locations throughout the County is a fundamental ingredient of an enduring community. The creation of sustainable housing—its design, density, location, and performance— requires that the pattern of residential development benefit the user now and over time. To accomplish this objective, a diversity of housing types in a broad range of prices should be provided. Housing opportunities should be available in all areas of the County. Housing for special needs populations incorporating a programmatic approach also should be furnished.

The supply of single family detached, attached and multifamily housing and their pricing is largely a function of market dynamics. The market determines the type of housing to be constructed, based upon demands for specific housing types and the potential return on investment for the developer. Loudoun's experience is that the market alone cannot meet all areas of housing need given current and projected job growth for the regional economy. Unmet housing needs occur across a broad segment of the County's income spectrum. The County defines unmet housing needs as the lack of housing options for households that are unable to rent or purchase due to insufficient incomes to meet current market prices. Housing diversity in type and price to address unmet needs will enhance Loudoun's economic vitality and the health of the community now and over time.

As total demand for housing in Loudoun has increased over the past fifteen years, single family attached and multifamily units have gained a greater share of the for-sale market, while single-family detached homes and lots have accounted for a decreasing share. In 1990, single family detached units represented 65 percent of the County's housing stock, whereas single family attached units constituted 19 percent and multi-family units constituted 14 percent. By 2005, single family detached units represented 54 percent of all homes; single family attached units 27 percent, and multifamily units, 19 percent. By 2005, single family detached units and lots accounted for only 49 percent of sales, compared to 58 percent of sales in 1990. Although the types of housing offered in the market are diversifying, housing costs are high and the shortage of affordable housing for residents and the workforce is growing.

In July 2005, the Board of Supervisors appointed a twelve member Housing Advisory Board to study the supply and demand for affordable housing and recommend housing policies and programs to address the County's needs. The Housing Advisory Board commissioned the AECOM study that compared the County's housing supply with existing and projected job

growth to determine whether there are workers in the County who live elsewhere because there is a shortage of affordable housing.

The study's principal conclusion, drawn from a comparison of thirty-one peer counties with similar populations, relatively high earnings, and suburban characteristics, determined that there is a shortage of both rental and for-sale units available for Loudoun's workers. This shortage results in a disproportionate number of workers in four major sectors of the County's economy, (retail, local government including teachers, police and firefighters, warehouse and transportation including Dulles Airport) who represent approximately 44% of the workforce, commuting into Loudoun for employment. The study shows that the average annual salary for workers in these industries in 2005 does not provide adequate income to support the average price of a new or existing housing unit, which is \$568,959. The study estimates that in 2003, an additional 12,578 housing units were required to house these selected in-commuting workers in the industries in which a disproportionately large amount of in-commuting occurred. That figure is projected to increase to 29,836 units by 2030, for these workers.

As Loudoun County's population grows, additional workers are needed in most of the affected industries, exacerbating the housing affordability problem. The study also shows that approximately 50% of Loudoun's residents commute to relatively high paying jobs outside the County, in the federal government, educational and health services, and information industries. The higher priced housing being produced in the County may be more affordable to out-commuting workers.

The AECOM study identifies a shortage in rental housing options that is expected to worsen over time for households up to 60% of the Washington Metropolitan Statistical Area Median Income (AMI). The AMI is \$89,300 for 2005. Over time, the rental housing shortage is expected to worsen for households at incomes from 10% to 50% AMI with the most severe shortage in 2030 for households at 50% AMI. Likewise, the study shows that there is a shortage of affordable homeownership opportunities for households from 50% to 100% AMI that will worsen over time, especially for incomes at 80% AMI. The study showed that a majority of Loudoun County households earns more than 125% AMI. However, to maintain a healthy, vigorous economy, Loudoun's business community needs an adequate workforce which has a variety of housing options for workers of all industries and all income levels.

The County can influence housing options and affordability by encouraging or requiring a clustered pattern of development and mixed-use communities with a diversity of housing types. To achieve this, the County should allow higher residential densities that are close to employment and town centers, where adequate water, sewer, roads, schools, open space, and recreation are, or will be in place. In and of themselves, increased densities are not the only answer to influencing the market. Flexibility in lot sizes and setback requirements, and a relaxation of use restrictions are also necessary to achieve the desired product mix. The County can permit accessory and second-story apartments in existing villages and rural clusters and provide for a variety of unit types to be developed in designated Joint Land

Management Areas (JLMAs) around the towns that have them. The County can form public-private partnerships to implement programs, providing incentives to influence the market.

C. Housing Affordability

Housing affordability has long been an issue in the Washington, D.C. metropolitan region. Affordability becomes a problem when the cost of housing exceeds an acceptable percentage of a household's disposable income. Households that are determined to reside in the metropolitan area can either pay a disproportionate amount of their income to secure housing, or pay less for lower quality or less adequate housing. In developing Loudoun County's vision for its residents, the Board of Supervisors has recognized affordable housing as an economic, transportation, and quality-of-life-issue. While the county is providing a significant share of the region's housing, prices and rents are at a level that is too costly for many of Loudoun's workforce. Workers filling jobs in Loudoun often live in other jurisdictions and generate traffic on local roads as they commute to work increasing air pollution, and gas consumption. Some housing units contain multiple families or additional occupants, resulting in overcrowded conditions which adversely affect neighborhoods and quality of life. The lack of affordably priced housing also has an impact on the continued ability to attract and retain a diversified employment base.

B. Unmet Housing Needs

The County's affordable housing policies focus on the unmet housing needs of all Loudoun's citizens and workers. The market is not meeting all areas of need given the County's vibrant economy and location in the region. The County's housing strategy gives guidance to the development of a variety of programs that address Loudoun-specific needs as identified through systematic audit, evaluation, and study. The County has identified that, within the broad spectrum of housing need, different levels of effort and varying approaches must be applied in order to effectively address the problem of housing affordability.

Providing housing for low-income residents (less than 30% AMI), elderly residents requiring congregate care, disabled residents, and the homeless often requires heavy subsidies, which have historically been provided by the federal and state governments. Given the reduction of federal and state assistance, the County is committed to identifying resources to replace that assistance as well as encouraging the formation of public and private partnerships to support the development of housing for people who are elderly, disabled, or living on very low incomes.

To address the unmet housing needs of Loudoun's workforce earning 30% to 100% AMI, a combination of loans, regulations, and incentives should be applied. One important program is the Affordable Dwelling Unit (ADU) program. This program, adopted in 1993 as part of the Zoning Ordinance is based on state enabling legislation, and aimed at fulfilling the housing needs of County residents with incomes from 30% to 70% AMI. The ADU rental units are designed to serve residents earning 30% to 50% AMI and priced at 30% of income (exclusive

of utilities). ADU for-sale units are designed to serve residents with incomes of 50% to 70% AMI. For-sale units should be available at 3 times that income. As important as this program is to providing affordable housing to County residents, it has not been able to keep pace with the growing demand. In addition, there are deficiencies in the implementation of the ordinance that lessens its effectiveness to secure affordable housing for households in the lower range of the ADU program. This program alone cannot meet the need.

The County should establish a housing trust fund with a dedicated source of revenue to leverage federal, state, and other funding sources for the production of new units, to provide down payments for first-time home-buyers and to purchase land for affordable housing development. The affordability issue also includes developing strategies to preserve the existing supply of owner-occupied housing and affordable rental units. As such, the Plan recommends other programmatic initiatives aimed at revitalization, renovation, and restoration of the existing housing stock, provisions to allow manufactured housing as an option, and the commitment of County government to play a greater role in addressing unmet housing needs.

Guiding Principles:

1. The County seeks to promote housing options for all people who work in Loudoun.
2. County policies and programs will focus on the unmet housing needs of households earning up to 100% of the Washington Metropolitan Area Median Income (AMI) as that is the area of greatest need.
3. The County will estimate unmet housing needs and housing programs will be evaluated for their effectiveness in addressing those needs.
4. Housing that is developed to fulfill unmet housing needs should be located near existing or planned employment centers, community centers, transit routes, and amenities.
5. The County is committed to bring all existing substandard affordable housing up to current health and safety standards.
6. The County encourages a variety of housing types and innovative designs to be developed in mixed-use communities to assist in fulfilling unmet housing needs.
7. The County will require a mix of housing options appropriately located in communities to support a balanced development program.
8. The County will encourage the development of housing for special needs populations integrated within existing and planned residential communities particularly in areas within walking distance of convenience shopping and employment opportunities.

9. The County will promote the provision of an affordable range of housing types throughout the County.
10. The County will promote the formation of public and private partnerships and facilitate the utilization of state and federal programs.
11. The County supports the development of housing and of communities that apply universal design principles; defined as the simple design of both products and the built environment to be usable by people of all ages and abilities at little or no extra cost.
12. The County encourages development that utilizes energy efficient design and construction principles, promotes high performance and sustainable buildings, and minimizes construction waste and other negative environmental impacts.

Housing Supply:

13. The County will identify options for addressing unmet housing needs in the Transition Policy Area not covered by the ADU zoning ordinance and work toward an implementation plan.
14. The County will encourage preservation by adaptive re-use of existing rural farm structures, such as barns, for the development of affordable dwelling units, as defined in the Zoning Ordinance and in accordance with the policies in the *Revised General Plan*.

Cooperation:

15. The County will initiate a regional cooperative effort with neighboring jurisdictions to establish a dialogue and programs to address the provision of a healthy balance of jobs and housing in each jurisdiction.
16. The County will provide technical planning expertise and financial support to the Towns to assist them in establishing redevelopment and revitalization programs that provide affordable housing. Such programs might include a revitalization tax program, housing rehabilitation, the development of regulations that allow for a broad range of housing types and upper story residential uses over stores etc.
17. The County will work in partnership with nonprofit and not-for-profit agencies committed to the provision of a wide range of affordable housing opportunities by offering technical and financial assistance.

Funding:

18. Developers of residential and mixed-use projects are encouraged to include proffers to fulfill unmet housing needs in their development proposals.
19. The County will establish a housing trust fund through a dedicated revenue source such as a portion of the County property tax or the recordation tax, to address unmet housing needs. Eligible uses and administration of the fund will be established by the Housing Advisory Board. The fund will be evaluated annually to determine its effectiveness and efficiency.

Programs and Incentives:

20. The County will encourage the creation of programs, tools and incentives both publicly and privately developed that will fulfill unmet housing needs.
21. The County will provide special incentives to stimulate the development of new housing projects when the applicant demonstrates the capacity to affect economic efficiencies in producing and sustaining affordable rents or sale prices over.
22. The County will adopt or develop and implement an employer-assisted housing program to help meet workers' housing needs.
23. The County will develop and implement a revitalization tax program for housing rehabilitation to conserve existing affordable housing.
24. The County will consider incentives, when appropriate, to the private sector to meet annual housing goals and objectives. Incentives could include density bonuses or transfers, expedited application review, reductions or waiver of permit, development, and infrastructure fees or capital facilities contributions, tax abatements, and zoning modifications.
25. The County will develop and maintain an inventory of publicly owned land that could be suitable for residential use and development to address unmet housing needs. Priority on the use of this land should be given to special needs housing and households at less than 70% of area median income.
26. The County promotes the recognition of good design and innovation in affordable housing by the Design Cabinet, County programs, and other channels

Legislation:

27. The County requires that for land development applications proposing development of 50 or more dwelling units with a density greater than one dwelling unit per acre,

located in an approved sewer service area, a percentage of the total number of dwellings will be developed as affordable units and given an appropriate density increase.

28. The County will seek state enabling legislation to allow for the provision of affordable dwelling units in developments less than 50 units as well as buildings four stories or greater with elevators.
29. The County will strengthen ADU Program regulations to do as much as the state code allows to require the development of affordable housing that is interspersed within neighborhoods, communities and throughout the County as a part of new development.
30. The County will establish a Housing Authority as provided for by the State Code to develop new affordable housing, rehabilitate housing, and revitalize community infrastructure. Until such time as a Housing Authority is established, the County encourages the Industrial Development Authority to exercise its authority to assist with tax exempt bond financing, leverage gap financing and stimulate cooperative partnerships toward the preservation and production of housing to address unmet needs.
31. The County will amend the Zoning Ordinance to expand the number of districts where manufactured housing, accessory units, and other alternative housing types are allowed.

Retirement Housing Policy:

32. In the Transition Policy Area, the County supports the development of retirement housing in the form of active adult and continuing care retirement communities. These developments should generally follow the design guidelines outlined for mixed use communities and villages with densities not to exceed the maximum permissible rezoning densities in the respective Transition Policy Area subarea.

